

**SUBSTITUTE FOR
SENATE BILL NO. 1024**

A bill to prohibit persons who have certain economic relationships with Iran from submitting bids on requests for proposals with this state, political subdivisions of this state, and other public entities; to require bidders for certain public contracts to submit certification of eligibility with the bid; to require reports; and to provide for sanctions for false certification.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the "Iran
2 economic sanctions act".

3 Sec. 2. As used in this act:

4 (a) "Iran" means any agency or instrumentality of Iran.

5 (b) "Iran linked business" means a person that has direct

1 investments in Iran or holds a contract with Iran or a political
2 subdivision of Iran. An Iran linked business does not include a
3 social development company as defined in section 2 of the
4 divestment from terror act, 2008 PA 234, MCL 129.292. An Iran
5 linked business does not include an air carrier or foreign air
6 carrier holding a certificate or permit under 49 USC 40101 to
7 50101.

8 (c) "Person" means any of the following:

9 (i) An individual, corporation, company, limited liability
10 company, business association, partnership, society, trust, or any
11 other nongovernmental entity, organization, or group.

12 (ii) Any governmental entity or instrumentality of a
13 government, including a multilateral development institution, as
14 defined in section 1701(c)(3) of the international financial
15 institutional act, 22 USC 262r(c)(3).

16 (iii) Any successor, subunit, parent company, or subsidiary of,
17 or company under common ownership or control with, any entity
18 described in subparagraph (i) or (ii).

19 (d) "Public entity" means this state or an agency or authority
20 of this state, school district, community college district,
21 intermediate school district, city, village, township, county,
22 public authority, or public airport authority.

23 Sec. 3. (1) Beginning January 1, 2013, an Iran linked business
24 is not eligible to submit a bid on a request for proposal with a
25 public entity.

26 (2) Beginning January 1, 2013, a public entity shall require a
27 person that submits a bid on a request for proposal with the public

1 entity to certify that it is not an Iran linked business.

2 Sec. 4. If a public entity determines that a person has
3 submitted a false certification under section 3(2), the person is
4 subject to all of the following:

5 (a) Termination of any existing contract with the public
6 entity, at the option of the public entity.

7 (b) Ineligibility to bid on a request for proposal for 3 years
8 from the date the public entity determines that the person has
9 submitted the false certification.

10 (c) Referral for civil prosecution under section 5 for
11 collection of a fine of not more than \$250,000.00 or 2 times the
12 amount of the contract or proposed contract for which the false
13 certification was made, whichever is greater.

14 Sec. 5. If a public entity determines that a person has
15 submitted a false certification under section 3(2), the public
16 entity shall report the name of the person to the attorney general
17 together with information supporting the determination. The
18 attorney general may bring a civil action against the person to
19 collect the fine under section 4(c). If a civil action results in a
20 finding that the person submitted a false certification, the person
21 is responsible for the cost of the public entity's investigation
22 and reasonable attorney fees, in addition to the fine.

23 Sec. 6. (1) If a public entity determines, based on credible
24 information, that a person that has submitted a bid on a request
25 for proposal in violation of this act and entered into a contract
26 with the public entity is an Iran linked business, the public
27 entity shall notify the person of the determination and of the

1 intent not to enter into or renew a contract with the person. The
2 notice shall include information on how to contest the
3 determination. The notice shall specify that the person may become
4 eligible for a future contract with the public entity if the person
5 ceases the activities that cause it to be an Iran linked business.

6 (2) Upon the request of a person notified under subsection
7 (1), the public entity shall provide the person it determined to be
8 an Iran linked business with an opportunity to demonstrate to the
9 public entity that it is not an Iran linked business. If the public
10 entity then determines that the person is not an Iran linked
11 business, the person shall be notified that it is not ineligible
12 under this act to bid on a request for proposal with the public
13 entity.

14 Enacting section 1. This act takes effect January 1, 2013.